



AMERICANS *for* TAX REFORM

June 15, 2009

The Honorable Sam Johnson
U.S. House of Representatives
Washington, DC 20515

Dear Congressman:

On behalf of Americans for Tax Reform, I express my strong support for H.R. 690, the “Modernize Our Bookkeeping In the Law for Employee's (MOBILE) Cell Phone Act of 2009.” I would urge all Members of Congress to co-sponsor and support this common sense modernization of our tax code.

Congress has chosen to list several items in the tax code as “listed property.” These items—most notably computers and automobiles—can be provided by an employer, but the employee must disclose any personal use of the items, and pay taxes on what is essentially an in-kind wage.

When Congress added on cell phones as listed property in 1989—some twenty years ago—these products were very different than they are today. Bulky, cumbersome, and expensive, they more resembled a modern laptop than a modern Blackberry. The per-employee cost of office coffee is likely higher today than the per-employee cost of a cell phone personal device.

Put simply, the intent of Congress (to limit a lucrative fringe benefit given to high-flying executives) is painfully out of date. No one today views iPhones, Blackberries, or other personal electronic devices as “luxuries.” Rather, they are an inexpensive and convenient way for employees to be in 24-hour contact with work. Any personal use of these devices—a line which gets grayer every year—is not significant, and not worth the extensive recordkeeping and meddlesome tax payments of the listed property rules.

The House passed a bill last year that would remove cell phones from listed property, and the Joint Tax Committee scored this tax relief at a mere \$237 million over ten years. For the nuisance and enforcement costs this provision creates, everyone involved should view the “cost” as little more than a rounding error, and your bill as a common-sense update of the original intent of Congress two decades ago.

Sincerely,

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